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## **Ontario Budget Ignores Rental Housing Budget Seen as Huge Setback for Tenants**

Queen's Park – The Federation of Rental-housing Providers of Ontario (FRPO) expressed disappointment in the Ontario government's 2010 Budget, which did not mitigate any of the huge and unique negative effects of the HST on rental housing.

“The provincial government has done nothing to mitigate the huge impact of the HST on the rental housing industry and tenants”, said Vince Brescia, President & CEO of FRPO. “This budget is a major setback for tenants, who will see reduced services as property owners grapple with a \$400 annual cost increase per unit”.

About 60% of rental housing costs currently not subject to PST will face the 13% HST. This means costs will go up by an average 4.8% in 2010 due to the HST alone, or about \$400 per rental unit (a 6% to 7% cost increase) when you add other inflation costs as well.

According to FRPO, a \$400 reduction in repairs and maintenance represents a 45% reduction in the repair budget for a typical rental building. “The government knows how significant the HST impact is on the rental industry, but has done nothing to mitigate the impact.”

“The government's thoughtless application of the HST to rental housing will result in a massive deferral of repairs and maintenance of the rental stock across Ontario”, said Brescia. “This is horrible when you consider that we have an ageing rental stock in Ontario.”

The capital needs of Ontario's rental stock are expected to accelerate in future years. Over 70% of Ontario's 1.3 million rental housing units were built before 1980, while over 50%, or over 688,000 rental units, were built in 1970 or earlier.

Ontario's current CPI rent guideline does not allow recovery of normal industry costs, with the 2011 rent guideline projected to be close to 0%, while industry costs will be increasing between 6% and 7% annually.

Other Budget announcements include:

- Enhanced sales tax credits and property tax credits for low- to middle-income families and individuals, that take effect in 2010
- Increases to basic-needs allowances and maximum shelter allowances by one per cent for people on Ontario Disability Support Program and Ontario Works, providing marginal benefit to lower income renters.
- Ontario's minimum wage will rise to \$10.25 per hour on March 31, 2010.